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NPTA MANAGEMENT NEWS

MAY 1985

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Persuasion

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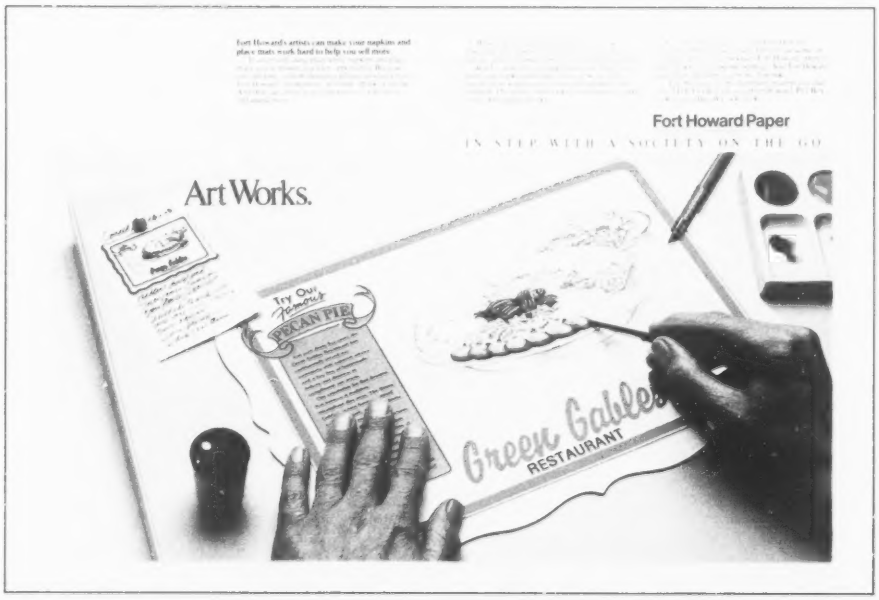
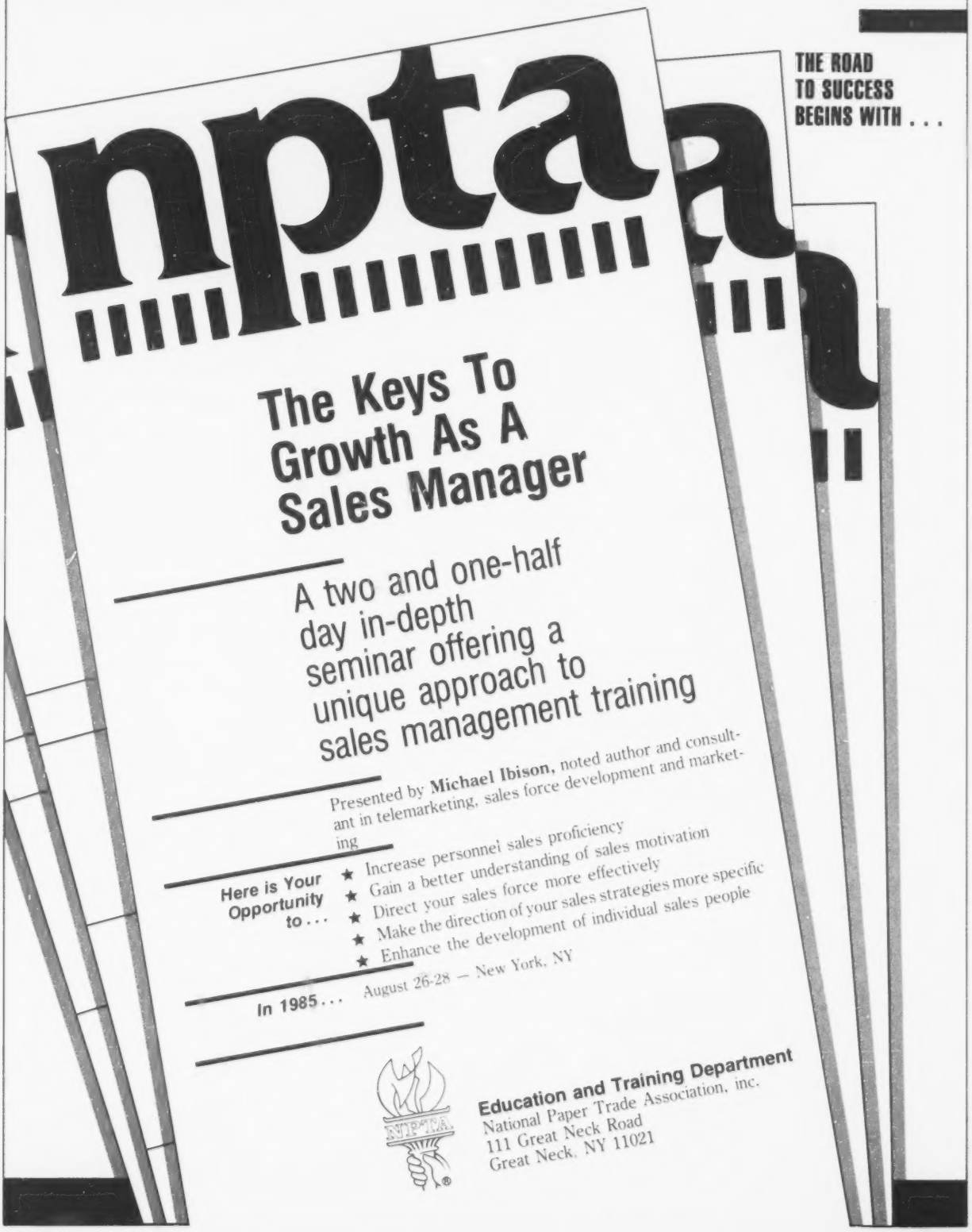


Fort Howard Paper
A Products Group of Fort Howard

IN STEP WITH A SOCIETY ON THE GO.

Educational Programs 1985



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NPTA MANAGEMENT NEWS

VOL. XXVI/NO. 5

Published by
National Paper Trade Association, inc.

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NPTA Management News (ISSN 0379-2214) is published monthly by the National Paper Trade Association, inc., at a subscription rate of $25 per year. Second-class postage pending at Great Neck, NY, and additional mailing office. **POSTMASTER:** Send address changes to *NPTA Management News*, 111 Great Neck Road, Great Neck, NY 11021, 516-829-3070. Statements of fact and opinion are the responsibility of the authors alone and do not imply approval on the part of NPTA or its member companies. Copyright 1985 by the National Paper Trade Association, inc. Articles may not be reprinted without the publisher's permission. Please address all inquires to the Editor. Original manuscripts and letters are welcome.

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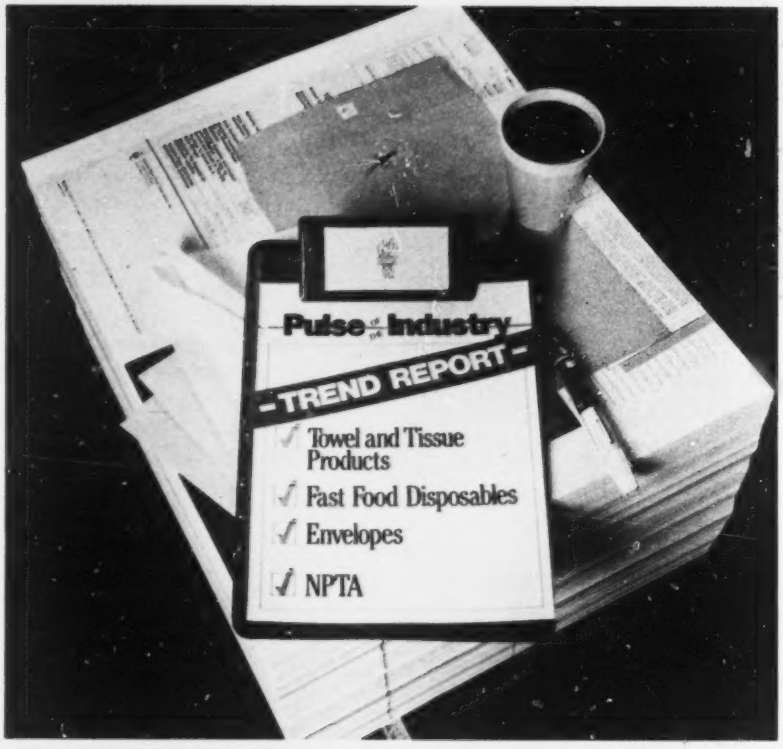

Cover Photo
Ben Asen

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GOLDSMITH BUYS INTO CZ

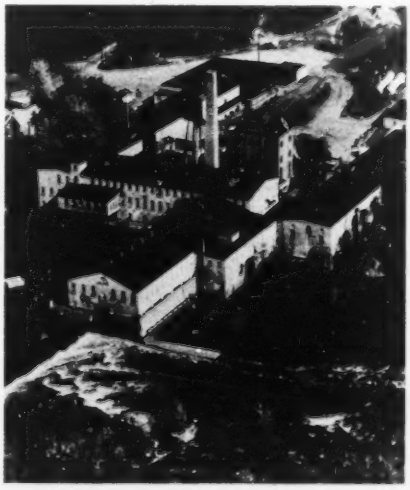
8.6% of Crown Zellerbach is now owned by British financier Sir James Goldsmith. The 2.4 million shares represented by the purchase is valued at $78 million.

Goldsmith just announced plans to purchase up to 70% of CZ. His proposal stated that if CZ does not revoke its complex anti-takeover provisions, he would still seek at least 51% of the company and reduce his offering price of $42.50 per share and may mount a proxy fight.

NEENAH EXPANDS OPERATION

Neenah Paper, a business unit of Kimberly-Clark Corporation, recently announced an expansion of its production, finishing and distribution capacity. The construction is expected to begin early this summer and when completed, the project will add 65 jobs at Neenah's paper mill in Whiting, WI.

Neenah Paper, with mills in Neenah and Whiting, is a leading producer of cotton content and premium sulphite correspondence papers and text, cover and other specialty papers. Its principal customers are paper merchants throughout the U.S. and Canada.



John O. Skagen, president of Neenah Paper, said that the continuing growth and demand for Neenah paper products lead to the expansion project. "Neenah Paper's growth has been built on high quality products and a strong relationship with our customers. The expansion will enable us to grow with our customers and meet the increasing demand for our products," Mr. Skagen said.

Most of the funds are planned for improvements at the Whiting mill, including a new paper machine and finishing equipment. The new machine will have a capacity of 90 tons per day and will increase Neenah's daily capacity by 35%.

The Whiting facility will be enlarged by 20,000 square feet through the new additions that also includes a structure to house a new boiler.

Improvements at the Neenah mill are also included in the project. Among these are the additions of new finishing equipment and enlargement of the customer service and order processing areas. In addition, Neenah Paper's distribution center will be enlarged by 45,000 square feet.

ABITIBI-PRICE PURCHASES CIP DAXION, BARBECON

Abitibi-Price Inc., parent of Inter City Papers Limited—the largest paper merchant in Canada, has purchased CIP Daxion Inc., a wholly-owned subsidiary of CIP Inc. CIP Daxion is an industrial paper and allied products merchant operating 18 distribution centers across Canada.

CIP Daxion had 1984 sales of $111 million (CAN) and employs 360 people. One report fixed the purchase price of the CIP deal at $25 million. "Abitibi-Price recognizes CIP Daxion as a well-managed, successful company," said Abitibi president and chief operating officer Bernd Koken. "This acquisition is consistent with our strategic plans to expand those areas of our diversified businesses with strong futures where we can become the best," he said.

Right on the heels of the Abitibi announcement was their offer to purchase all of the outstanding shares of Barbecon. Barbecon is a major distributor of printing papers in Canada and is the country's largest manufacturer of envelopes. Barbecon operates eight plants and 13 warehouses across Canada as well as a small retail office supply chain in Florida. "The acquisition of Barbecon," said Koken, "will enhance the opportunities for Abitibi-Price in the paper distribution and envelope markets." Barbecon had 1984 sales of $213.5 million (CAN) yielding a $5.5 million (CAN) profit.

Barbecon's 4.5 million outstanding shares are valued at $52.5 million (CAN), but it is doubtful that all shareholders will opt for cash. Abitibi is confident that they will swap stock.

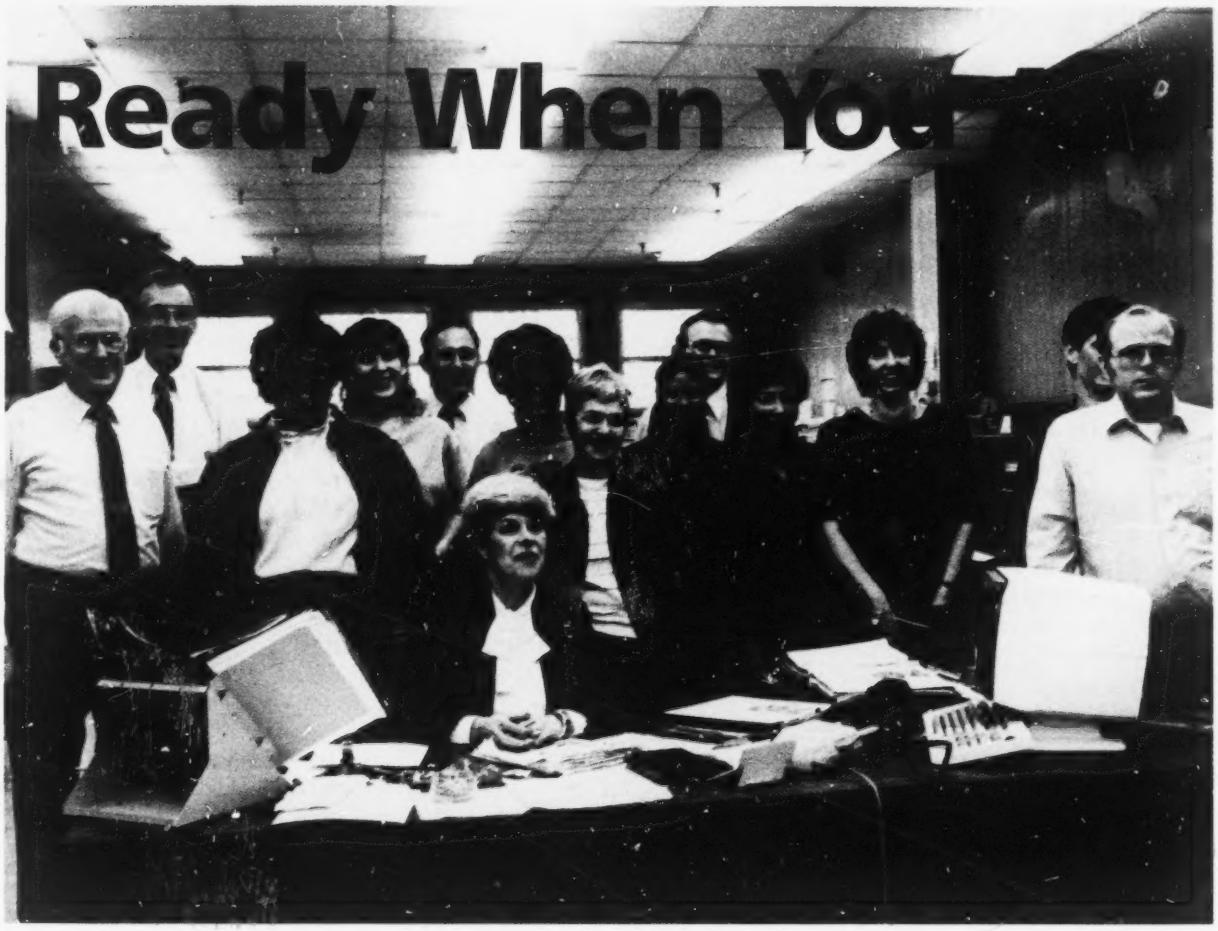
In a 12 month period, Abitibi-Price will have spent $90 million (CAN) on acquiring distribution companies. Their burst of activity began last year with the purchase of Whitaker Carpenter Paper in Chicago. Whitaker Carpenter had annual sales of $73 million (US) and was purchased for about $12 million (CAN). Abitibi-Price's Inter City Papers opeation, prior to all of these acquisitions, had annual sales of $279 million (CAN).

NORWEIGAN MEMBER FIRM SHOWS GROWTH

C. Tybring-Gjedde A/S, one of Norway's most efficient and market oriented distribution and sales organizations, has been experiencing vigorous growth during the last five years. This growth has been attributed to the development of new methods in the distribution and selection of goods and in the segmentation of clientele.

CTG is primarily a supplier of consumable products used in the daily business process. Their operation is divided into two areas: wholesale and cash & carry. The wholesale organization has four divisions: catering, commerce, industry and hospitals and the cash & carry segment offers a considerable range of consumer goods to individual companies.

In each of these two main areas, CTG has had an increase in revenue every year, with



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the cash & carry experiencing the strongest growth, averaging 40% annually. The wholesale growth has also been increasing steadily at 13.5% annually.

The contributions of these main areas to overhead and financial costs has increased substantially over the last five years—the growth in earnings being larger than the growth the sales had indicated. CTG will be able to continue this growth through a proposed rights issue, listing on the Stock Exchange and through a broader capital structure.

CTG also plans to allow for continued growth externally through new ventures and merger opportunities.

ALCO COMPLETES SAXON ACQUISITION

Alco Standard Corporation announced it has completed the acquisition of all of the common stock of Saxon Industries, Inc. by contributing the operations of its Paper Products Group to Saxon, and arranging for the distribution of approximately $145 million in cash and Saxon preferred stock, with a 10% annual dividend, to Saxon's unsecured creditors, debenture holders and stockholders. The initial distribution of cash and securities is anticipated in May. The company will operate under the name Paper Corporation of America and will be headquartered in Valley Forge, PA under the leadership of Richard C. Gozon, president of Alco Paper and Office Products and a vice president of Alco.

The newly formed Paper Corporation of America has operations in 37 states and consists of 14 wholesale paper distribution companies with 93 operating divisions, 5 converting companies with 11 manufacturing facilities and 8 separate warehouse locations. Paper Corporation of America also operates 25 retail paper stores.

Ray B. Mundt, Alco's president and chief executive officer stated, "This transaction which began over one year ago is the largest acquisition in Alco's twenty-year history. The acquisition places Alco in new and desirable geographies and gives Alco a major position in the envelope converting business through Saxon's Quality Park unit. The addition of Saxon's more than $400 million in annual revenues will make Alco's Paper Products Group by far the largest paper distributor in the industry, with annual sales approaching $2 billion."

Alco Standard Corporation, headquartered in Valley Forge, PA, is a diversified corporation with operations in distribution and manufacturing. For the fiscal year ended September 30, 1984, its revenues were $3.4 billion.

CATTY CORPORATION HAS NEW HEADQUARTERS

The Catty Corporation, a leading manufacturer of foil and gift box wrap as well as specialty packaging, has moved its facilities to a new location. The new headquarters, located at 111 Black Rock Turnpike in Fairfield, CT, has the total operational capabilities of in-line laminating, printing and embossing of foil to paper on board up to 10 points, custom printing of foil, paper, metalized papers, and it includes four laminating presses for supported foil, one press for unsupported foil and two five-color rotogravure presses.

In conjunction with the move, the Catty Corporation has issued a 1985 designer collection of patterns in the "All Occasion Supplement." Catty believes that these new patterns will complement the entire line and offer customers a greater selection of foil gift wrap.

Catty's move to the new location marks management's continued emphasis on streamlining operations to increase efficiency and provide the best service to their customers.

SCOTT AGREES TO ACQUIRE HOFFMASTER

Scott Paper Company announced that it has reached an agreement in principle to acquire The Hoffmaster Company, an Oshkosh, WI manufacturer of napkins, placemats, table covers and other products for the away-from-home foodservice market. Acquisition of the company, which also markets a line of consumer plates and plastic utensils, is pending approval of the final purchase agreement by both boards of directors and regulatory filings.

Scott chairman and chief executive officer Philip E. Lippincott said the acquisition of Hoffmaster, which recorded sales of nearly $50 million in 1984, will be an important step in Scott's growth strategy to build its position in the expanding away-from-home foodservice market.

"Total consumer spending for foodservices," Lippincott said, "is expected to continue its substantial growth. People eating meals away from home and a maturing population will sustain and accelerate the trend toward higher levels of service, including better quality napkins, placemats and other tabletop products."

Lippincott explained that Hoffmaster is particularly well-positioned to take full advantage of these demographic trends. "The company is a recognized quality leader in manufacturing, marketing and selling high quality specialty products to the foodservice industry," he said. "its distinctiveness centers on excellence in creative design capabilities, new product development and customer service."

Lippincott said that Hoffmaster will be a critical part of Scott's away-from-home market strategies, adding a strong foodservice presence to Scott's washroom and industrial wiper products business.

PAPER GROCERY SACK HISTORY SOUGHT

The American Paper Institute is looking for information regarding Charles B. Stillwell, the inventor of the paper grocery sack. All they know is that he lived in Watertown, NY and signed this patent over to the Union Paper Bag Machine Company of Philadelphia in 1883. The information is due on or before June 12, the day 102 years ago that Stillwell filed for his patent, and the Institute will give $1,000 in cash or 102 paper bags filled with groceries to the person who has "substantive" information about the paper bag creator.

The Paper Institute has nominated

Stillwell for a slot in the Inventor's Hall of Fame and they hope to get him added to a series of postage stamps honoring American inventors.

If you have information about Stillwell or are a direct descendant, contact the American Paper Institute, Kraft and Packaging Papers Division, 260 Madison Ave., New York, NY 10016.

GPO SAYS "THANKS" TO PAPER SUPPLIERS

At a luncheon hosted by Public Printer of the United States Ralph E. Kennickell, Jr., the U.S. Government Printing Office honored for the first time those firms which have been "consistently dependable suppliers of printing papers and blank envelopes." "It may seem like an over-simplification, but it is certainly true, that without the reliability of our paper suppliers, GPO could not meet its vital mission of providing the printing and binding needs of our Federal Government," Public Printer Kennickell noted in announcing the firms to be honored.

Each of the 14 firms received a plaque at the April 1 luncheon that was given at GPO in Washington, DC. The firms were selected in three categories: those which supply printing papers, those which supply blank envelopes, and those which supply both papers and envelopes. Those supplying papers are: Bulkley Dunton, New York, NY; Paper Corporation of United States, New York, NY; Paper Sales Corporation, Norwalk, CT; and Walker Goulard Plehn Company, Inc., Garden City, NY. Those supplying envelopes are: Boise Cascade, Envelope Division, Itasca, IL; Double Envelope Corporation, Roanoke, VA; Oles Envelope Company, Baltimore, MD; Union Envelope Company, Richmond, VA; and International Envelope Company, Aston, PA. Those supplying both papers and envelopes are: Barton, Duer & Koch Paper Company, Cheverly, MD; Frank Parsons Paper Company, Inc., Landover, MD; Nationwide Papers, Stamford, CT; Ris Paper Company Washington, Inc., Capitol Heights, MD; and Stanford Paper Company, Landover, MD.

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Call Bruce Linden, NPTA, Director of Education and Training, 516-829-3070.

Xerox Learning Systems

"Few people outside the industry are really aware of the vast quantities of paper required by the Government Printing Office," Kennickell points out. In fiscal year 1984, for example, GPO used more than 113 million pounds of paper and more than 150 million envelopes.

"There have been times when the economy and other business conditions have made paper a hard to obtain commodity," the Public Printer notes. "Because these firms have made the extra effort to keep us supplied through both the lean and the plentiful times, it is the least we can do to recognize what I regard as an active show of patriotism," Kennickell concludes.

Representatives of each of the firms gathered with the Public Printer and top GPO officials for the luncheon and awards ceremony.

SCOTT TO OFFER HOME PRODUCTS FOR COMMERCIAL USE

Scott Paper Company, in an effort to capture more of the away-from-home commercial market, is now offering their Cottonelle® and Scotties® home-use products. As the hotel and motel industry has become more competitive, operators of the highest quality establishments (which are generally represented by the upper third of the industry) have become more conscious of the value of high quality room amenities.

Scott's research has revealed that some hotel operators spend as much as four to six dollars per room per night on what are called "soft amenities" in an effort to provide guests with the best package of products available. Industry trends show that lodging owners in all categories are upgrading their guestroom and bathroom amenities packages, and this is what Scott is counting on with this new offering.

By teaming up their new Cottonelle® and improved Scotties® tissues in matching colors and coordinated packaging, Scott feels that it is giving the high-end commercial market better service. Gerry Hurley, lodging product manager for Scott Paper, said "what people like to use at home they will now be able to use when away from home. The trend in the industry is clearly toward higher quality soft amenities. We feel that giving people distinctive and high quality products."

PEOPLE IN THE NEWS

William B. Bregman, president and co-founder of Deltapaper Corporation, was named chairman of the American Cancer Society, Philadelphia Division 1985 Crusade.

J. Kevin Chapman, sales manager of Rotary Paper Manifold Company, has been elected vice president of that division.

Robert E. Kline has been re-elected as president of the G.A. Rinn Paper Company of Allentown, PA and **Clifford C. Pate**, former secretary-treasurer and office manager, has been named vice president and general manager. **Thomas R. Anderson**, assistant secretary and controller, has been promoted to secretary and assistant office manager and **Thomas A. Goodwin**, head of accounting, has been elected treasurer.

Lawrence S. Riemer has been named industrial sales manager of Butler Paper Company - Milwaukee division.

Adie C. Templeton, formerly assistant division operations manager of Ris Paper Company/Washington, Inc., has been appointed branch manager of the Richmond, VA division. **Thomas J. Maloney**, vice president of Diem & Wing Paper Company, a division of Ris Paper, has been named branch manager of the Cincinnati, OH division and **Donald R. Chamness**, also vice president of Diem & Wing, has been elected branch manager of the Indianapolis, IN division. Also, **Jayne Herchenroder** has been appointed assistant controller and internal auditor of Ris Paper, Garden City, NY.

Paul E. Ross has joined Mayer Myers Paper Company in the position of inside sales manager.

Irving Kapner has been appointed chairman and CEO of Willmann Paper Company and **Robert Caliguire** has been named president and COO. **Rhoda Dubofsky** has been promoted to executive vice president/general manager and assistant secretary and **Alfred C. Kruger** has been elected senior vice president and treasurer of the company. In addition, **Martin A. Frankel** has been named vice president and secretary and **Jeffrey Friedberg** has been appointed vice president-director of purchasing.

John F. Walsh has been promoted to vice president-national sales and **William Cartwright** has been appointed vice president-purchasing and inside sales of Seaman-Patrick Paper Company. Also, **Raymond W. Fisher** has been named vice president-warehousing/distribution and **David M. LaMothe** has been elected vice president-operations of the company.

Bill Silzle, retired purchasing agent and now company consultant, recently celebrated his 50th anniversary with S. Walter Packaging Company and also, his 80th birthday.

T.O. Bancroft, Sr., co-founder of Bancroft Paper Company Inc., and Bancroft Bag Inc., passed away on March 10th after a lengthy illness.

Philip W. Battaglia, president of Printing Management Inc., has been appointed executive director of the Association of The Graphic Arts' Greater North Jersey Graphics Group.

Robert H. Horn, former general manager of Anchor Hocking Foodservice Division, has been named president and general manager of Plastics Inc., a plastic products division of the company.

Albert J. Dunlap, president and chief executive officer of Lily-Tulip, has been named to the additional post of chairman effective immediately.

S.A. "Tony" Johnson has been appointed executive vice president and chief operating officer of Pentair, Inc. and **Allan J. Kolles** has been named corporate vice president of human resources of the company.

Ralph B. Tippet has been named merchant sales manager of Penntech Papers.

Robert F. McCabe has been promoted to vice president-sales of James River Paper Company, Riegel Division.

Joseph G. Meighan has been named vice president, sales and marketing-converted products division of Gilman Paper.

Printing Paper

INDUSTRY TO BEGIN MANUFACTURING CLAUSE EFFORT

The effort to extend the Manufacturing Clause of the Copyright Act beyond 1986 is beginning again as PIA Government Affairs seeks sponsors for the legislation in the House and Senate. PIA anticipates that the effort to obtain co-sponsors will be directed initially at the co-sponsors from 1982 in the Senate, primarily Senator Strom Thurmond (R-SC). The primary sponsor in the House of Representatives died before his legislation was passed in 1982, so a new House sponsor will have to be identified.

"This year's effort to extend the Manufacturing Clause takes on an entirely different tone from the effort in 1981-82," stated PIA in its publication *The Capital Letter*. "At that time, the primary focus of the Manufacturing Clause debate was on job loss, with the nation facing its highest unemployment in years. Congress was in no mood to pass legislation that would threaten jobs in any industry at a time when unemployment was so high. With unemployment down in 1985, the primary focus of the Manufacturing Clause will be the trade deficit."

While the printing industry continues to enjoy an overall trade surplus when all products are added together, specific categories of printed products are experiencing enormous import pressure, reports PIA. Product categories such as calendars, catalogues, and certain prepress material—film and separations—have begun to experience tremendous growth in imports without a corresponding growth in exports. Since printing throughout the years has not been an exporting industry, the printers have been somewhat lax about restrictive trade policies. Consequently, the only remaining restriction the U.S. printing industry has on trade is the Manufacturing Clause, stated PIA.

PIA, the Book Manufacturers Institute, and NAPL are working together to have legislation introduced that will allow countries to be exempt from the Manufacturing Clause only when they agree to provide access to their markets for U.S. printed products. As soon as the Manufacturing Clause bill is introduced, PIA Government Affairs will initiate a letter-writing campaign to win support for the measure.

NEW REPORT ON PAPER AVAILABLE

Strategic Futures, Inc. has published a report that assesses the supply/demand outlook for the U.S., Canadian, European and Nordic markets. The study, "Paper and Printing Outlook Report," examines 24 end-use printing markets while concentrating on all of the major grades of publication printing papers—coated groundwood and freesheet, supercalendered papers, uncoated groundwood and freesheet and newsprint. The topics that are covered include: driving forces; apparent interim and long term grade switching trends; timing for new capacity; future role of imports; and pricing trends through 1987. The publication presents implications for both suppliers and users of paper. It is available from FIND/SVP, 500 Fifth Ave., New York, NY 10110, 800-223-2054. The price is $2,800.

A REPORT FOR ALL SEASONS

The Quarterly Business Indicator Report (QBIR) has shown that the graphics art industry expanded more rapidly than the national economy in 1984 and should continue increasing through 1985, the National Association of Printers and Lithographers reported recently. The report indicates that in 1984, the commercial printing industry sales grew by 15.5% to a record $34.9 billion, stimulated by a surge in the demand for graphics arts products. This figure exceeds the growth rate of the Gross National Product by over 4 percentage points.

The growth of the printing industry, however, brought an increase in costs as well as higher revenues to the graphic arts. During the first three months of 1984, commercial printing production costs increased by 2.5% and by the end of the year, the costs were 7.2% higher than they were in 1983. Regardless, during this year, printers earned pre-tax sale profits of 8.3%. This growth rate is expected to continue through 1985, but at a more moderate rate.

According to the report, 71% of the survey participants expect to achieve higher sales, 70%, higher earnings, and 58%, higher profitability during 1985. They also expect the demand for printing equipment to remain strong during this year.

The NAPL analysts are less optimistic about 1985. They expect printing sales to increase by 11.6% rather than 15% as in 1984 and they warn that the industry's annual growth rate will fall to approximately 5.75% by next January.

The QBIR is based on an in-depth quarterly survey of North American printers who are contacted over a two-week period. The survey results are supplemented by the results of other association studies as well as government economic data and are analyzed by industry experts.

For more information on the survey, contact: Communications Department, NPTA, 111 Great Neck Road, Great Neck, NY 11021.

GCA DRAFTS PROPOSAL

The Graphics Communication Association (GCA) has produced the most comprehensive draft proposal to date for the creation of an electronic manifest for the paper industry.

GCA is a group made up of fine paper manufacturers, large commercial printers, magazine and book publishers from the U.S.A. and Canada. They are calling the proposed electronic manifest format EMBARC (EM = electronic manifest; BARC = bar coding). While the proposal is still in draft form and is still being reviewed and studied, a final version will be recommended shortly.

The publishing industry chose to develop manifest standards because control of paper is essential for the economic well

being of the industry. When the industry began its "War on Waste" program, they scrapped one-third of their raw material. Electronics have helped them to reduce their waste to less than 5%. Now electronics will bring a new dimension to paper control: Coordination among supplier, paper mechant, publisher and printer.

A manifest lists the contents of a shipment of goods to one customer or its designated recipient. With the computer controls that are an integral part of a modern paper mill, the roll numbers, skid numbers, physical dimensions, weights and other specifics that make up a paper shipment manifest can be generated as part of the manufacturing process.

The computer at the mill can easily and inexpensively transmit the information to any and all customers who need to know about their order. All that is required is agreement on certain procedural and technical specifics. This is what EMBARC intends to do.

QUICK PRINTING STATS FOR 1984

The average quick printer had monthly printing sales of $16,000 in 1984 reported *Quick Printing* magazine. The average printer's 1984 total was $192,000. With four full-time employees and one part-time employee, the average sales per employee came to $42,667 or $3,555 per month.

The year-end total represented an 18.5% increase over the 1983 figure of $162,000 for the average quick printer.

Industrial Paper

BOX IDENTIFICATION: MAKE SURE IT'S CLEAR

When industrial paper products are warehoused, the question of ease of identification becomes a very important one. Finding a needed item in stock can be made easier if both manufacturers and merchants follow simple rules set out by the National Paper Trade Association.

Efficient warehouse operations cannot be attained without well-defined policies and procedures. Methods of materials-handling and direction of personnel should be established. All types of containment and packaging should be easily recognized. Markings or labels should contain adequate information to quickly and positively identify the contents in the container.

The following list of nine procedures is recommended to all those seeking to improve carton identification:

1. Labels and marking should be suitable for modern warehousing and transportation.

2. All labels, markings and stencils should be printed with letters and numerals at least 1½" high or higher. The type size can aid in the quick identity of the product, thus reducing errors in stock selection and customers' complaints.

3. Labels should be positioned at the right hand end and adjacent side of the bundle, carton, package, etc. Rolls and unitized loads should be identified on both the sides and on the ends.

4. The use of rubber stamps is not considered satisfactory for marking packages.

5. Labels should be readable at 20 feet by a person with 20/20 vision in a warehouse where light measure is, at least, 20-foot candle power.

6. Rolls should indicate total weight, basic size and weight, and diameter of roll.

7. Printing the identifying label data in black on white background can produce sharper images and greater readability. Other contrasting color combinations may offer good readability.

8. Stencils. If it is not feasible to label some products, and marking by the stencil method is necessary, then identification marks should be in two places with permanent ink.

9. The containment of all types of paper and paper products should be strong and sturdy to insure delivery free from damage, such as protection against dampness in transit. Cartons should open without injury to personnel or damage to the contents. Packaged items should be well sealed to protect the contents. Paper merchants should issue special instructions as to containment for rolls, or special packages. Printed cartons should have complete identification on two sides.

WHERE IS THE COMPETITION COMING FROM: Part II

The March issue of *Management News* discussed competition from the tobacco & confectionery distributors, but where else is competition coming from? A primary source is the grocery wholesalers. During the last ten years, these distributors have made great strides into new markets and product lines, particularly paper. Previously, the most popular lines with this group were food service disposables, but now, some distributors are also expanding into towel and tissue goods, various wipes and chemicals, writing papers and pad goods, retail packaging and health care disposables, all for the industrial marketplace.

Why have these distributors branched out into these new product areas? Wholesale distribution seems to be developing the idea of "the full service distributor." The basis of this idea is to provide customers with their every product need. It enables the distributor to become the customer's primary source for his goods. This has also allowed them to expand their customer base to areas they have never serviced before. For example, in the past, grocery wholesalers only serviced "mom & pop" groceries and then eventually supermarkets. Now they have expanded to include institutions, convenience stores, corporations, restaurants, hotels, amusement parks and specialty shops.

By expanding their product mix, these

wholesalers have been able to provide all their customers' needs. In addition to paper products, they carry items new to their primary food base such as: hardware supply, health & beauty aids, over-the-counter drugs, auto supply, pet care items, home products such as hand towels and cutlery, tobacco goods, confectionery goods, small appliances, books and magazines, photographic supply, records, audio and video tapes, toys and games, chemical cleansers and detergents and office supply. In the paper area, they have added meat and food wrap, foam containers, party supply, wipes, towels and napkins.

Grocery wholesalers have also done an excellent job in aiding their customers by helping them merchandise these products with planograms and rack supplies. Wholesalers have re-organized customers' stores in order to help them make every inch more profitable. Most of the additional products can be sold at a lower profit margin than from the distributors who carry these items as their main product line because the wholesalers' primary product line carries the "load" of the operating expenses. In effect, the customer can save on other items and still get full service and merchandising. At the same time, they only need to deal with one sales person and one invoice.

This has become a major issue in management—the amount of time spent with sales people and invoices. Customers are now demanding that suppliers provide more service and less visitation. Time management experts agree that many hours have been wasted due to multiple suppliers so customers are now looking for one good supplier to increase their share of business.

How have grocery wholesalers added to their service? Most now include a sanitary supply service as part of their offerings. Financial reporting is another service the grocery wholesaler provides such as profit and loss reports and stocking information. Additionally, they provide credit terms and financial assistance to businesses in trouble, emergency deliveries, co-op advertising, free racks and food cases and much more.

While paper distributors have never aimed at servicing retail stores or grocery wholesaler customers, they should research those customers who would be worth the effort. There is obviously the opportunity for a large profit if the paper distributor can expand enough to supply those items needed to service these customers.

If the paper merchant is to compete successfully with the grocery wholesaler, the tobacco & confectionery wholesaler and others who are or will be adding paper goods to their product mix, then the future may hold this type of expansion. Whether these wholesalers' present or future customers are the current customers of paper merchants is the most important question the paper distributor can ask. The second question is: "Can the paper merchant effectively serve the grocery wholesalers' customers?"

EVENTS

MAY

5-10. *Paper Distribution Management Development Program, Miami University, Oxford, OH. Contact NPTA.*

14-15. *Sales Development Conference, Atlanta, GA. Contact NPTA.*

15-19. *National Paperbox & Packaging Association's Annual National Convention, Wigwam Resort, A Mobil Five-Star, AAA Five Diamond, Gold Key and Moorand Award Winner, located in Litchfield Park, AZ.*

16. *New England Paper Merchants Regional Association meeting, Cambridge, MA.*

29-30. *Successful Inventory Management For The Wholesale Paper Distributor, Chicago, IL. Contact NPTA.*

JUNE

3. *Boston Paper Trade Association Golf Outing, Canton, MA.*

4-6. *The 13th Annual Technical Symposium sponsored by INDA, Association of the Nonwoven Fabrics Industry, will be held at the Copley Plaza, Boston, MA.*

4. *Telemarketing - The Key To Maximizing Your Sales Efforts, Memphis, TN. Contact NPTA.*

5. *Telemarketing - The Key To Maximizing Your Sales Efforts, Atlanta, GA. Contact NPTA.*

6. *Telemarketing - The Key To Maximizing Your Sales Efforts, Ft. Lauderdale, FL. Contact NPTA.*

6. *Empire State and Allied Paper Association Joint Conference at The Sagamore in Lake George, NY. Contact Thomas Lamberton at Empire State Paper Association.*

11. *Marketing Value Added Services, Indianapolis, IN. Contact NPTA.*

25. *Telemarketing - The Key To Maximizing Your Sales Efforts, Philadelphia, PA. Contact NPTA.*

26. *Telemarketing - The Key To Maximizing Your Sales Efforts, Boston, MA. Contact NPTA.*

27. *Telemarketing - The Key To Maximizing Your Sales Efforts, New York, NY. Contact NPTA.*

PICKING THAT OPTIMUM PERSON

Are you planning a personnel decision anytime soon, either hiring or promoting an employee?

How can you be sure of that individual standing so hopefully before your desk? If you knew what actually made him tick, wouldn't that help you decide whether to let him continue in sales or move him to the support staff?

The answer, according to management consultant Milt Cotter, lies not only in learning more about people before they are hired, but in analyzing your present employees to see the types of training that would help them be specifically valuable to the productivity and profitability of your business. Personnel and business success are highly augmented by management training, sales training and motivation programs.

To guarantee that the right person has been selected to fill the right job, the manager must determine who an employee is, how he thinks, what really motivates him (security or prestige?); can he keep the pace of the job he wants, is he mature enough for its demands, is his mind open or set in concrete?...all these facets and more enter into how successful the individual can be in a given job, explains Cotter.

This careful evaluation costs money, but surprisingly little compared to a faulty personnel decision. In fact it's no secret that thousands of dollars can be wasted (which is particularly crippling to a small organization) if a newly hired and trained person proves inadequate for the job.

Avoiding such trauma for a company and aggravated stress for the poor unfortunate person who is made a manager and then found to be too cold, distant and unbending to work for, opens the doors to the evaluation business. People need to be placed where they can do best but people do not always (or, for that matter, often) know where they can function most effectively. They generally know what they like or a career they admire, but not whether they can meet its mental and personality demands.

According to the *Wall Street Journal*, business people tend to duplicate themselves when hiring, to hire "our kind of person." This subjective chemistry can—more than half the time—cause the technically best qualified person not to be hired. Therefore, many companies now use as many as five or six time-consuming, expensive interviews with various members of the firm to have a prospect eyed by future peers.

Hiring or promoting is a perilous business. You're already coping with a number of subjective factors such as the interview, reference check, education (a degree from one university is not the same as a degree from another). Can experience be deceiving also? Yes, a sales career affords a chance to look very good because of the territory inherited or the product sold, or very bad when a person is cold-calling in an undeveloped territory.

Hiring or promoting is a perilous business...Placing the "right person in the right job" can contribute greatly to the success of your business.

Enlightened management training, motivation and goal setting must happen, and sales training be put into effect before the company can sell, serve and hold its rightful share of the market. "For years companies could put any half-decent product on the market and see it snapped up by the customer," said Cotter. "Now things are different. Only the prepared are surviving these times and the productivity and profitability of a company ultimately rests on the training, management and direction it provides for the right person in the right job."

In keeping with his desire to consistently upgrade the training and education of the membership, President John J. Buckley, Jr., announced that the National Paper Trade Association is offering a comprehensive NPTA Personnel Manual to paper distributors. Intended for use in conjunction with the *Profile Evaluation Program* Booklet, earlier endorsed by the NPTA, these two business management tools have been designed and implemented by Profiles and refined through many years of service to the paper industry and to some 6,000 other client companies.

The *Paper Merchant's Guide to Personnel Selection and Evaluation* presents fundamentals of a good personnel system of valid interest to the paper industry. How to Interview, Legal and Illegal Questions for the Application Form and Interview, Writing Job Descriptions, The Legality and Utility of Testing, How to Select, Guidelines for Accepting or Rejecting an Applicant, Reference Checking, The Necessary Personnel File, Reprimands and Terminations, and much other worthwhile information is contained in the new NPTA Manual.

Concise, but authoritative, the manual comes with a complete appendix of "do-it-yourself" personnel forms to implement in the paper distribution operation, including a prototype "Policies and Procedures Manual." This NPTA Personnel Manual is designed for the personnel novice, but serves to refresh the intermediate level human relations worker as well, while it teaches EEOC compliance through proper personnel procedures.

The *Paper Merchant's Guide to Personnel Selection and Evaluation* is available from the NPTA Communications Department for $85.

By Marj Rogers

Marj Rogers is a technical writer for Profiles International. She has been with the company for seven years.

MARCH, 1985

PAPER MERCHANT SALES REPORT

NPTA Regions	Sales Per Selling Day March 1985 - Compared To - March 1984	Sales Per Selling Day March 1985 - Compared To - February 1985	Sales Per Selling Day 1985 Year-to-Date - Compared To - 1984 Year-to-Date	Days Outstanding (Accounts and Notes) At Close of March 1984	1985	Calendar Days' Cost* of Ending February Inventory 1984	1985
INDUSTRIAL							
1	- 2.6	+ 1.3	+ 1.7	45	42	--	56
2	+ 5.5	+ 6.6	+ 3.0	36	36	45	65
3	+ 6.7	+ 4.3	+ 3.8	36	37	57	57
4	- 2.8	+ 7.1	+ 2.7	39	38	57	56
5	+ 6.5	+ 5.3	+ 3.1	36	36	56	63
6	- 0.4	+ 2.6	+ 4.9	40	41	--	--
7	+ 7.7	+ 7.6	+ 1.4	41	39	--	61
NY Metro	+11.8	+ 4.8	+11.4	45	40	--	--
Chicago Metro	+ 1.1	+17.3	+ 2.7	39	39	--	--
LA Metro	+ 2.2	+ 5.1	+ 1.4	48	48	--	47
US	**+ 2.9**	**+ 5.3**	**+ 3.3**	**40**	**39**	**55**	**58**
PRINTING							
1	+12.2	+ 6.7	+15.8	51	49	41	58
2	+ 1.4	- 7.6	+ 5.0	47	41	59	57
3	+10.5	+ 5.3	+ 9.1	43	43	85	78
4	+ 4.2	+ 1.0	+ 6.9	31	41	70	66
5	+ 8.1	+ 2.2	+ 9.5	46	43	85	79
6	+ 1.0	+ 7.0	+ 6.8	40	41	--	--
7	+14.3	+12.1	+ 6.2	41	39	--	76
NY Metro	+ 9.0	+ 2.8	+ 1.9	43	40	--	--
Chicago Metro	+ 3.4	+ 6.0	+ 5.9	43	42	--	--
LA Metro	- 2.1	+ 1.1	+ 7.1	46	42	84	89
US	**+ 5.9**	**+ 2.6**	**+ 6.7**	**43**	**42**	**71**	**71**

*To calculate monthly inventory turnover, divide 365 calendar days by # of calendar days cost, e.g., 365/73 = 5.00x.

Region 1: CT, ME, MA, NH, RI & VT
Region 2: DE, DC, MD, NJ, NY & PA (excluding NY Metro)
Region 3: AL, FL, GA, NC, SC, TN & VA
Region 4: IL, IN, KY, MI, MO, OH, WV & WI (excluding Chicago Metro)
Region 5: CO, IA, KS, MN, MT, NE, ND, SD, WY
Region 6: AK, AZ, CA, HI, ID, NV, NM, OR, UT & WA (excluding LA Metro)
Region 7: AR, LA, MS, OK & TX
NY Metro: NY: New York City, Long Island and Westchester Co. NJ: Counties of Bergen, Essex, Hudson, Middlesex, Passaic and Union
Chicago Metro: IL: City of Chicago and Cook, DuPage and Lake Cos. IN: Lake Co.
LA Metro: Cities: Los Angeles, and San Diego. Counties: Los Angeles, San Diego, Orange and Ventura (and neighboring parts of Riverside and San Bernadino)

Selling Days
The actual number of days a firm was open for business or that the sales people made customer calls [calendar days less weekends (if applicable) and holidays]. By supplying selling days of each firm, the sales per selling day are standardized according to actual business conditions or company policies.

Days Outstanding
The number of days outstanding on this report are calculated by adding the current month's sales and the previous month's sales and dividing the total by the number of calendar days of the two months. The result is a figure representing average sales per calendar day.

The total figure provided for closing accounts and notes receivable is divided by the average sales per calendar day. The result is the number of days outstanding at the end of the month being prepared.

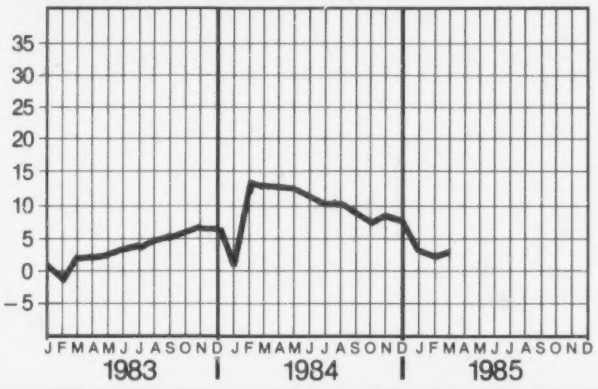
PAPER MERCHANT SALES REPORT

SUMMARY NATIONAL TREND INFORMATION: 1983 TO PRESENT

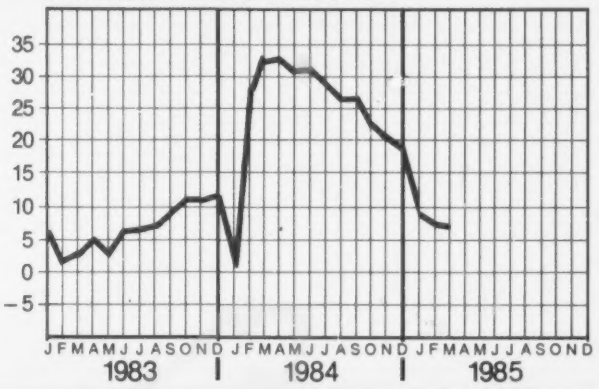
SALES INFORMATION

YEAR-TO-DATE SALES PER SELLING DAY AS A PERCENTAGE OF PREVIOUS YEAR'S YEAR-TO-DATE SALES PER SELLING DAY

INDUSTRIAL PAPER SALES NATIONALLY



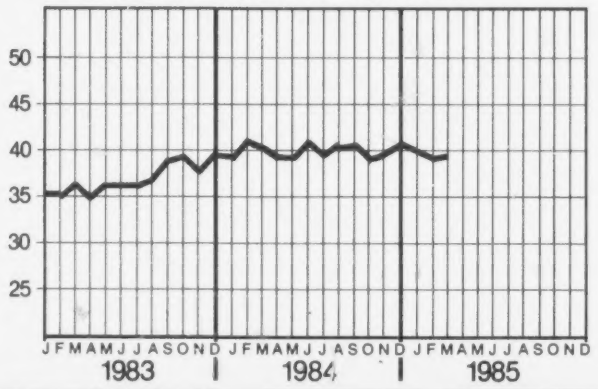
PRINTING PAPER SALES NATIONALLY



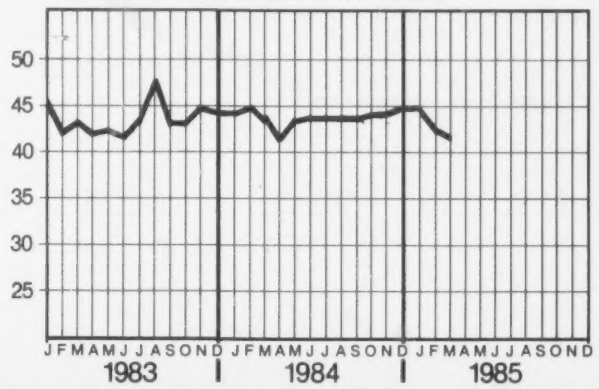
RECEIVABLES INFORMATION

DAYS OUTSTANDING—ACCOUNTS AND NOTES RECEIVABLE FROM PAPER SALES AT END OF EACH MONTH (IN CALENDAR DAYS)

INDUSTRIAL PAPER RECEIVABLES NATIONALLY



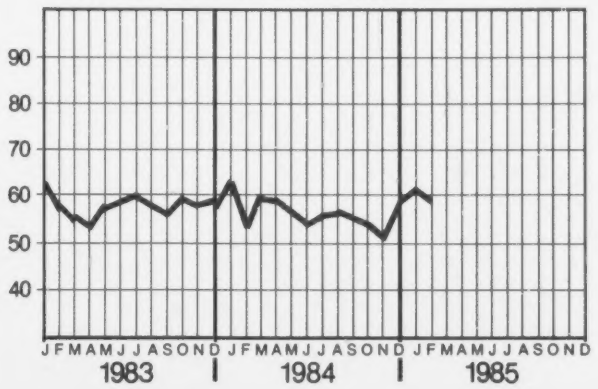
PRINTING PAPER RECEIVABLES NATIONALLY



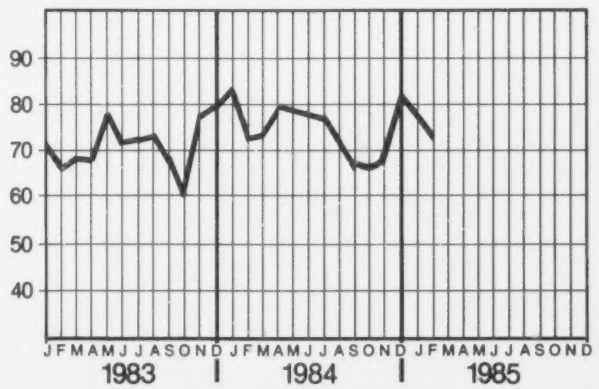
INVENTORY INFORMATION

CALENDAR DAYS COST OF ENDING MONTHLY INVENTORY (FIFO) (IN CALENDAR DAYS)

INDUSTRIAL PAPER INVENTORY NATIONALLY



PRINTING PAPER INVENTORY NATIONALLY



NPTA ANNUAL REPORT

The National Paper Trade Association's fiscal year ended on February 28, 1985 and its Annual Report shows significant growth in both income and expenses. Membership growth was also significant this past year.

Many new membership services were launched and the Association's level of activity continued to increase. New staff members were added in 1984 and the computerization of NPTA headquarters was begun.

PAPER FOUNDATION

During 1984, the Paper And Plastics Education Research (PAPER) Foundation embarked on the most ambitious and far reaching program in the history of the paper distribution industry: The Endowed Research Chair. This eminent scholar, visiting professor chair will study trends in paper distribution and will be established at the University of North Florida, Jacksonville.

To endow this chair, a one million dollar fund raising effort was launched. Industry response has been favorable with only $200,000 left to be raised to meet the goal.

The benefit to the industry will be significant. Trends in physical distribution, marketing and the economics of the industry for example will be studied by leading professors from the academic world. Publications, conferences, seminars, and audio visual programs will be developed to document the research results.

A major industry event, the annual NPTA Chairman's Luncheon, has been created as a fund raiser for the Foundation. At this important event, the winner of the Stanley O. Styles Industry Excellent Award is honored.

PRINTING PAPER

NPTA's Printing Paper Division accomplished much in 1984. The "Quality Report" project, begun in 1983, gave merchants an easy-to-use method of dealing with paper problems experienced by their printing customers. 1984 saw the introduction of the "Quality Sampling Kit" that made the collection of the necessary samples to document a claim much easier. Many printing and dual paper merchants have adopted the NPTA method that has been endorsed by Printing Industries of America, The National Association of Printers and Lithographers and the National Association of the Printing Ink Manufacturers.

The Division also developed and launched the first "Printech Week" program at Rochester Institute of Technology. This one-week course for printing paper sales people and their managers was attended by 23 and another Printech Week has been scheduled for later this year.

For 1985, the Printing Paper Division's Committee has planned to update the popular sales brochure, "What Does the Right Paper for Your Job Really Cost?" In addition, the group will be studying the possibility of publishing other educational materials for the trade.

INDUSTRIAL PAPER

The Industrial Paper Division provided many important programs for the Association's industrial paper merchants during the past year.

NPTA FINANCIAL STATEMENT

Income ($000)	FY Ending 2/28/85	Percentage of Total	FY Ending 2/29/84	Percentage of Total
Membership Dues	615.1	39.2	544.7	41.7
Convention & Exposition	362.9	23.2	338.0	25.9
Education & Training	254.1	16.2	206.8	15.8
Management News Magazine	84.3	5.4	–	–
Communications	75.7	4.8	74.9	5.8
Research & Statistics	41.4	2.6	34.1	2.6
PAPER Foundation	70.6	4.5	41.4	3.2
Executive & Administrative	64.6	4.1	65.2	5.0
TOTAL	**1,568.7**	**100.0**	**1,305.1**	**100.0**

Expenses ($000)	FY Ending 2/28/85	Percentage of Total	FY Ending 2/29/84	Percentage of Total
Membership Services	305.9	19.6	302.5	24.1
Convention & Exposition	241.3	15.4	289.2	23.0
Education & Training	321.9	20.5	266.5	21.3
Management News Magazine	168.0	10.7	–	–
Communications	45.0	2.9	44.5	3.6
Research & Statistics	142.5	9.1	135.2	10.8
PAPER Foundation	132.0	8.4	20.8	1.7
Executive & Administrative	209.6	13.4	194.2	15.5
TOTAL	**1,566.2**	**100.0**	**1,252.9**	**100.0**

THE ANNUAL REPORT

The NPTA fiscal year ended on February 28, 1985 and the annual report of the Association is contained in this issue of *Management News*. A brief review of it will give you a sense of what our organization has been doing this past year. It certainly has been a year of fast growth and new projects.

Income was up 20.2% for the year and expenses climbed 25%. Income derived from dues was 39.2% of total income. Because of the growth of other income sources (Annual Convention and Exposition, publications, advertising, etc.), a member firm received over $2.55 in services for each dues dollar invested. Last year, members received $2.39 in service for each dollar invested in dues. We are constantly striving to give you more.

It was a very busy year with many long-term projects becoming realities. We created a whole new level of education for our industry: university programs in leading institutions. The Printing Paper Division held its first "Printech Week" at Rochester Institute of Technology and the two one-week courses for industry managers at Miami University of Ohio were initiated. And a long-term educational project was launched this year by our Paper And Plastics Education Research (PAPER) Foundation. Fund raising began for the Eminent Scholar, Endowed Research Chair at University of North Florida in Jacksonville.

Management News is becoming the best magazine in our industry. It began operation only ten months ago and will be expanding this year.

The PAPER Foundation fund raising stands at $800,000 as of this writing. I hope you will familiarize yourself with the Foundation's purpose and recognize the merit it holds for us all. Make a contribution today to help us reach our $1,000,000 goal in 1985.

We asked members to review the amount of dues they will pay us this year and determine if an adjustment is in order. In a period of inflation as we went through recently, it is always difficult for associations and other non-profit organizations to have their income keep pace with rising costs. In our respective businesses, we do so by raising our selling prices. To be successful and carry out the Association programs, we need a constant dues stream and each and every member, big and small.

Our budget will be tighter this year and perhaps for the next few years. The underlying reason is our investing in the long-term future of our industry. We believe we are responding to the majority of our members' wishes and that we will all benefit from this.

I extend my gratitude to our conscientious staff and to the many volunteer leaders from our industry who serve on committees and on the board of directors. It takes a lot of hours on the part of many people to make all Association activities happen. This next year appears to be another good year for our economy, our respective companies, and I'm glad to say, for the National Paper Trade Association.

Frank J. Viegas

Frank J. Viegas, NPTA Chairman

The Division is guided by a committee composed of industrial paper industry leaders who meet twice a year to formulate projects and programs pertinent to the needs of industrial merchants.

During the 1984 NPTA Convention and Exposition, the Division provided two important and well attended seminars on "New Frontiers in Industrial Paper Distribution." These seminars gave merchants even more reason for continued participation because of the vital information shared at these meetings.

In the coming year, the Division will be providing an important report featuring the results of a sales compensation survey, a new "Product Specific" seminar, and during the 1985 NPTA Convention, the second installment of the "New Frontiers in Industrial Paper Distribution" seminars will be held.

The Industrial Paper Division will also continue its work in the area of improving relations among merchants and suppliers. A council will be formed to aid the industry. They will meet to discuss mutual problems and the solutions to those problems.

COMMUNICATIONS

The Association's work in the communications area has centered on providing member firms with useful information. The primary means during the past year has been through the *NPTA Management News* (MN) magazine.

One year ago, *MN* was a 16 page newsletter and in August, 1984, it became the industry's newest magazine averaging 28 pages per month. As a communication vehicle, it provides members with a great deal of information; more in-depth information than ever before. Material on trends in the industry, computerization, compensation, education, industry statistics and more appeared in the pages of *MN* in the past year.

In addition, thousands of publications were provided to the membership in the form of books, brochures, and other materials. The communications efforts of NPTA have grown during 1984. The year ahead should see the continuation of that trend.

RESEARCH

The past year saw substantial growth in services and continued refinement of existing programs in the research and statistics area. The Association's newly installed Qantel computer system will have a pervasive affect on the way

reports are produced and will lead to increased efficiencies, accuracy and new capabilities.

The PAR (Performance Analysis Report) program was strengthened by the development of a new "Short PAR" questionnaire and report, and restructured NPTA regions. The Short PAR will allow small merchants with limited staff and time to participate more easily, thus augmenting the entire database. The regular PAR questionnaire was revised in several key sections. All indications point to greater ease of participation by the membership resulting in a greater number of merchants comprising this year's database.

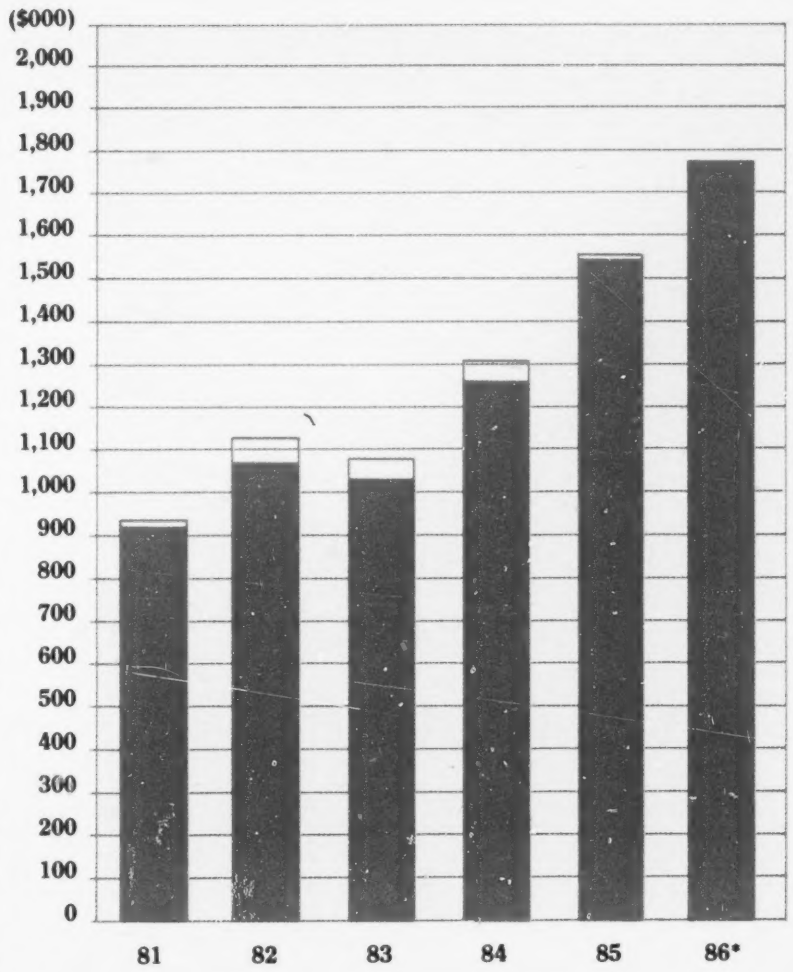
The Paper Merchant Sales Report is slated for in-house production by this summer. During FY 1985, NPTA software requirements have been developed and programs are now being written. Transfer of data processing from a service bureau to NPTA will improve accuracy and reliability of the report, since the new system will provide enhanced capability for analyses and validity control checks.

During September, 1984 the Management Information Committee endorsed development of a totally new Quarterly Business Conditions Report (QBCR), based on enthusiastic response to earlier member surveys. Formats of the reporting form and member report were finalized, and work began on software needed to produce the report in-house. The QBCR will essentially be a "mini-PAR" that tracks 10 key financial ratios every three months.

Also, a new monthly industrial Towel & Tissue Inventory Survey and report has been instituted. Beginning January, 1985, a panel of nearly 100 paper merchants nationwide started filing monthly forms. The first report was mailed in mid-March and the NPTA continues to work with the American Paper Institute to refine it and recruit more participants. The project is still experimental, based on member support.

Finally, member requests for information and market research continued to flow to NPTA. The nearly 100 separate member projects completed during the year covered a wide range of topics: recommending sources of supply for specific papers, computerization assistance (definition of user groups, software availability and recommendations), new warehouse layout guidelines, estimated current market potential (industrial/printing paper, janitorial supplies, party goods, retail packaging, etc.), retrieving historical and current PAR and sales report statistics on sales, profitability, and inventory activity, starting cash & carry or export businesses, sales compensation plans/industry norms, and technical questions related to paper. These requests were routinely handled by the Research Department.

NPTA INCOME AND EXPENSES
6 Year Trend



* = Projected; □ = Amount of Income Over Expenses; *See table for detail.*

NPTA INCOME AND EXPENSES
($000)
FY Ending 2/28/85

	1981	1982	1983	1984	1985	Projected 1986
Total Income	938.4	1,115.5	1,084.9	1,305.5	1,569.1	1,782.5
Total Expenses	917.3	1,056.2	1,007.2	1,257.6	1,562.1	1,781.0

EDUCATION AND TRAINING

The Education and Training Department has witnessed a great deal of growth during the last fiscal year. The department reported that membership awareness of NPTA-sponsored

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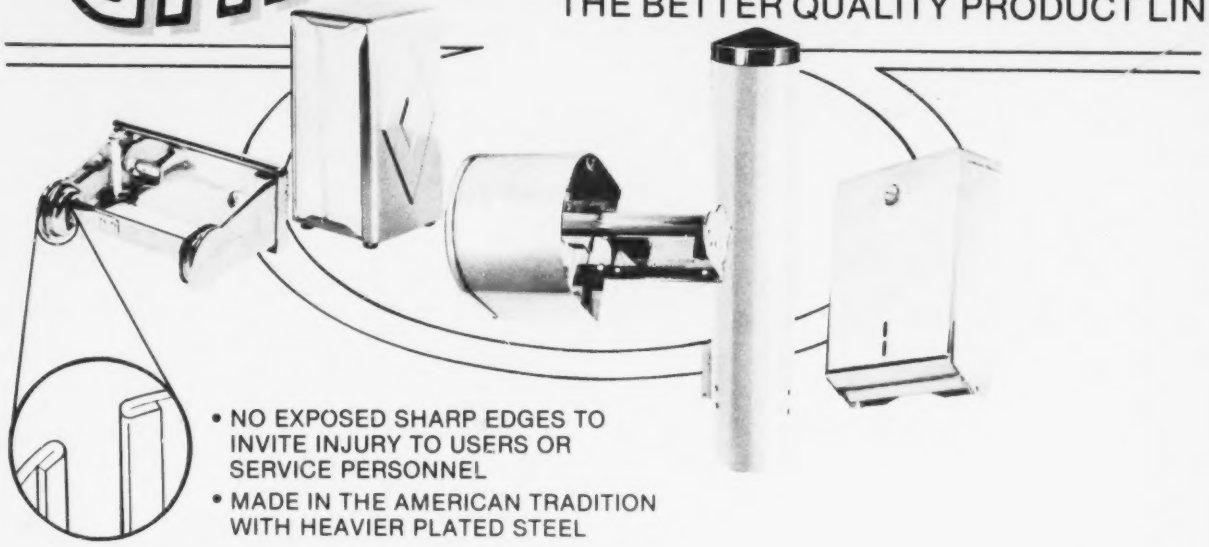

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programs, along with the Department's role as a clearing-house for training material and information, has grown substantially.

The Association's education and training effort has focused on three types of programming: seminars, sales training and in-house audio-visual training.

During fiscal 1983-84, 321 merchants attended Association sponsored seminars; this grew to 636 in FY 1984-85—a 98% increase. Also, during fiscal 1983-84, 139 companies attended seminars; this grew to 243 in fiscal 1984-85.

New to this programming is the two-week Management Development program held at Miami University, Oxford, Ohio and the week-long printing technology program—Printech Week—at Rochester Institute of Technology.

NPTA members have continued to use the Professional Selling Skills program for in-house sales training provided by the Association. With the assistance of an NPTA trainer, the program was conducted for the first time on location, at a number of member firms.

As a clearinghouse for material and information, the department has developed a network of trainers and managers involved in the training process: 187 firms participated. This "network" is a specialized service to all members who request it.

MEMBERSHIP

FY '84-'85 was one of the best years in NPTA membership history with 49 new members joining who will account for over $36,000 in new dues in FY '85-'86. These include two new international members from Mexico and Puerto Rico. As a result of this past year's trial member program, nearly 20 new members have already joined the Association with an additional 10 expected to join!

During the past year, NPTA membership services have grown dramatically with the emergence of our new *MN* magazine, university programs, additional seminars, new and improved financial reports and a host of other services that make it imperative for merchants to get involved.

Plans for both new member recruitment programs and additional membership services are already in progress. In the coming year, NPTA's newly formed Membership Committee will aid the Association in locating new member prospects and informing them of the benefits NPTA provides.

NPTA will also increase member contact with an outreach program of visitation from NPTA staff to learn more about member needs. All-in-all, FY '85-'86 promises to be another important year for the Association in meeting members' needs and adding new faces to our family.

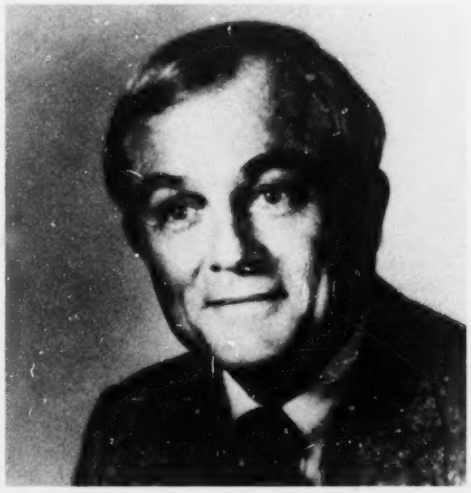
PULSE OF THE INDUSTRY

Trend Reports. *In order to keep marketing and sales people up-to-date on the great many changes taking place in paper and allied products distribution,* **Management News** *magazine will contain "Pulse of the Industry" reports periodically. These reports are designed to give readers the perspective of key suppliers. The reports should aid those in management and sales to better understand the changes in the marketplace as well as the challenges and opportunities ahead in the market and product segments addressed.*

When **MN** *reports again on the "Pulse of the Industry," other market segments will be included. In the course of a year, it is hoped that a great variety of markets and strategies will be reviewed.*

DISPOSABLES - A NICHE FOR PROFIT GROWTH

By R.E. Slotter
Vice President, Sales Operations, Dixie/Marathon



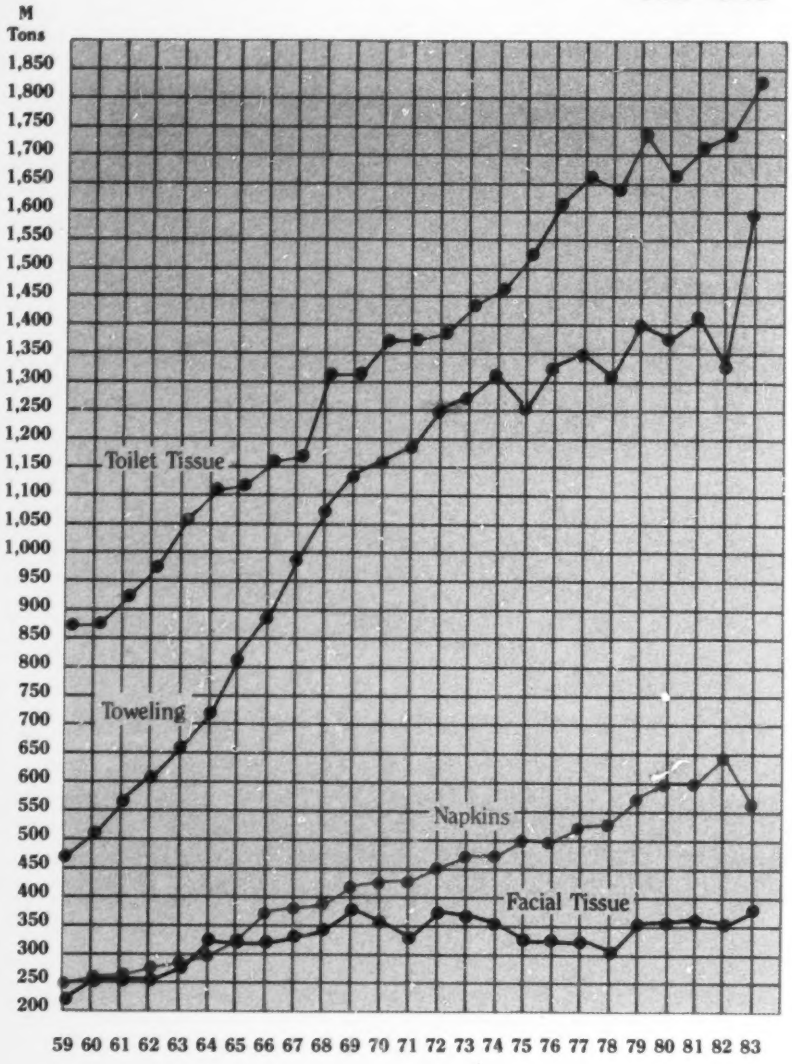
In the months ahead, the real challenge for improved profitability will be to find niches in markets, product categories, and in internal operations where better than average growth and profit opportunities can be had. Disposables can lead you to several profitable niche opportunities in the foodservice and industrial markets.

TOP GROWTH SEGMENTS
(Real Growth)

Foodservice Industry	**3.0%**
Convenience Stores	7.9%
Fast Foods	4.1%
Business and Industry	3.5%

Source: Cahners Bureau of Foodservice Research 1985 Foodservice Forecast

Tissue Paper Shipments 1959-1983



Source: American Paper Institute

The Foodservice Market

Within this market there is opportunity for above average growth and profitability in segments, type of service, and product categories.

While the foodservice industry, overall, is growing at an annual rate of 3%, there are segments growing much faster. Capitalizing on the full potential of these segments can produce profitable growth.

Foodservice in convenience stores will continue to be a rapidly growing market. According to the Industry Report by *Convenience Store News*, fast foods have the highest gross margin of any product category sold by convenience stores and products with the fastest growth are chicken, hot dogs, fountain drinks, and Mexican foods. This market segment is virtually 100% disposables for foodservice, with most food carried away from the store. This is a market niche worthy of development and with potential far above average growth for a broad line of foodservice disposables.

Fast foods will continue to grow faster than the industry. This segment is highly disposables-intensive and has moved to capitalize on the trend to more carryout and menu expansion to meet customer demand. These factors have created the need (and sales opportunity) for a broad line of upscale foodservice disposables.

Business and Industry - Employee feeding in offices and plants, health care, schools and colleges, foodservice, etc. is becoming more competitive, more marketing and merchandising oriented, and more disposables-intensive appealing to changing customer tastes and preferences. The key for building disposables business in this segment is account penetration with a broad disposables line and merchandising programs to build employee participation.

Within the franchise segment there are product categories that will outpace industry growth.

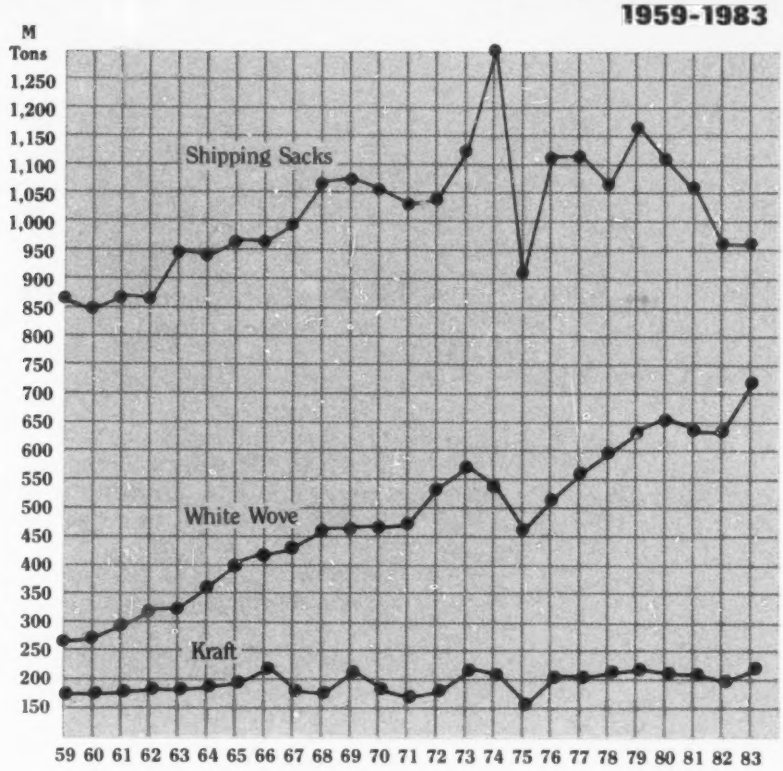
TOP FIVE GROWTH PRODUCT CATEGORIES
(Real Growth)

Total Franchise Segment	9.0%
Ice Cream	14.5%
Chicken	13.7%
Pizza	11.2%
Seafood	11.2%
Mexican Food	11.1%

Source: National Restaurant Association. Adjusted for 5.0% inflation.

Franchise operators now control almost half of the commercial foodservice market and are outpacing independent operators. This market segment is a key to better than average growth with excellent new business potential for the product categories shown above. Again, take-out is one of the driving forces and opportunities for increased disposables sales.

Envelope Shipments 1959-1983



Note: Kraft = Brown & Bleached, Shipping Sacks = Unbleached & Bleached

Source: American Paper Institute

TOWEL AND TISSUE PRODUCTS

Industry growth for these products is expected to be in the 3.0% to 3.5% range. Better than average growth can be expected from office buildings and health care facilities.

Office building expansion is estimated at over 200 million square feet for 1985. With the combination of more office space, and more women in the work force, there is an opportunity for increased sales with upgrading of quality. Top quality bleached folded towels will meet the need. Soft, strong towels with high absorbency and with quality dispensing systems will be the key to new business.

Health Care - Nursing homes, private care, and extended care facilities are all expanding to meet accelerating market demand. This increased demand is driven by the rapidly growing 65 and over age group. The industry has come of age and is in the process of upgrading facilities and care. Quality towels, tissue, and dispensing equipment tending toward "home quality" will gain share in this market segment.

In the manufacturing segment, a product area which also offers better than average growth potential is disposable wipes. As the cost of cloth wipes continues to increase, disposable wipes become a more acceptable alternative and an opportunity for improved account penetration with towels, tissue, and wipes for industrial accounts.

Long Term Profitability - New and profitable business is essential for a dynamic, healthy enterprise. However, an equally important opportunity and challenge is to hold and build profitable business. This is where the *value added* concept (as compared to price only) pays dividends. A test-proven design, a merchandising program, product quality or features that are unique or customized product development will contribute to the development of a relationship that goes beyond "price only" and that will help hold and build a profitable account and long term profitability.

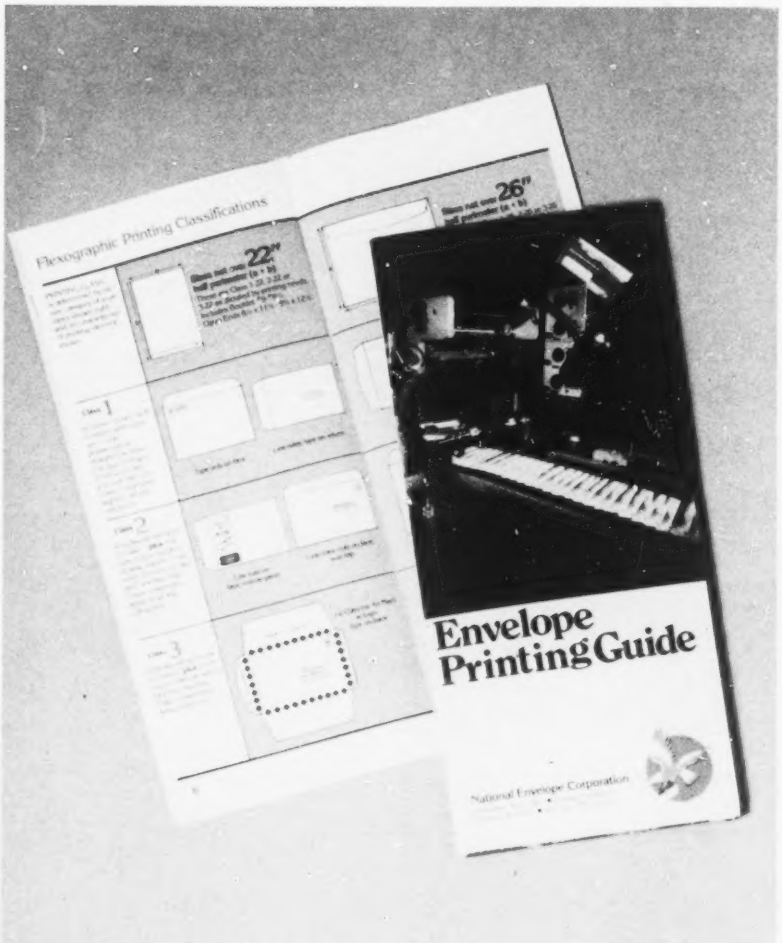
STEADY GROWTH FORECAST FOR ENVELOPE INDUSTRY

Stanley W. Carpenter

"As long as America's commitment to communication by mail continues, the envelope industry will continue to grow," maintains Stanley Carpenter, vice president of marketing for New York Envelope Group/National Envelope Group, who adds, "The outlook for 1985 is one of steady growth."

The envelope business is of interest to both printing paper merchants and industrial paper distributors. It seems that most merchants carry envelopes in some form. Shipments of envelopes have shown a steady increase over the past 25 years (see chart) and forecasts are for continued growth in this product segment.

The greatest growth has been seen in white wove envelopes and that trend is not expected to change. Envelope manufacturers are continually finding ways to attract more business while providing greater service to their merchant customers.



New Envelope Printing Guide. *It is designed to help merchant sales people better understand both flexographic and offset printing and to recognize the profit potential the printed envelope offers.*

New York/National Envelope attributes its growth to that commitment to service. Carpenter points out that they are expanding that commitment this year. While Carpenter's company has always provided customers with printed envelopes, they are now adding flexographic and lithographic printing. "We have prepared a handy envelope printing guide for our customers to use when soliciting the volume printed order," says Carpenter. "Profitability increases for all of us by selling the printed order. It not only adds value but offers a greater opportunity for repeat business," he said.

Many envelope converting plants around the country are back ordered which insures increased activity at the present time. Business has been very good for the envelope industry. New York/National has been running three shifts.

During 1983, the envelope industry showed growth of 8.1% in volume and a 6.8% boost in revenues. These figures exceeded expectations by more then 30%. As of October, 1984 projections for 1985 were for a 9.1% growth in sales and a 18% increase in revenue.

All signs now bare out this trend. One of the best barometers of business activity is the U.S. Post Office—the largest handler of envelopes in the world. They are predicting a strong 1985. Last year postal authorities reported that 118 billion pieces of mail were carried by them. This year they see that number going up to 122 billion. This number includes 60 billion pieces of first class mail, 30 billion in second class and 30 billion in third class. To handle the ever increasing number of envelopes, the USPS has committed an additional $200 million for automatic scanners to the $200 million already allocated.

Says Carpenter, "Doomsday profits predicted the envelope industry would peak in 1977 and then begin a downward slide prompted by technical innovations such as electronic telecommunications. Yet the industry continues to grow."

MANAGEMENT NEWS ARTICLE INDEX

As a service to the readers of **Management News**, *an index to all articles published in the past year are listed. This is the first time this is being done.*

Because this has not been done before, two years worth of articles are included here. The listing that follows contains 25 topic areas and indexes 124 articles. This issue of **MN** *should be kept as a resource. The index is a handy way of locating the needed material.*

If an **MN** *reader does not have the desired article listed below, all that he has to do is call the editorial offices of the magazine at 516-829-3070 and a copy will be sent at no charge. This reader service is just one of the many services provided by the National Paper Trade Association to its member firms and friends.*

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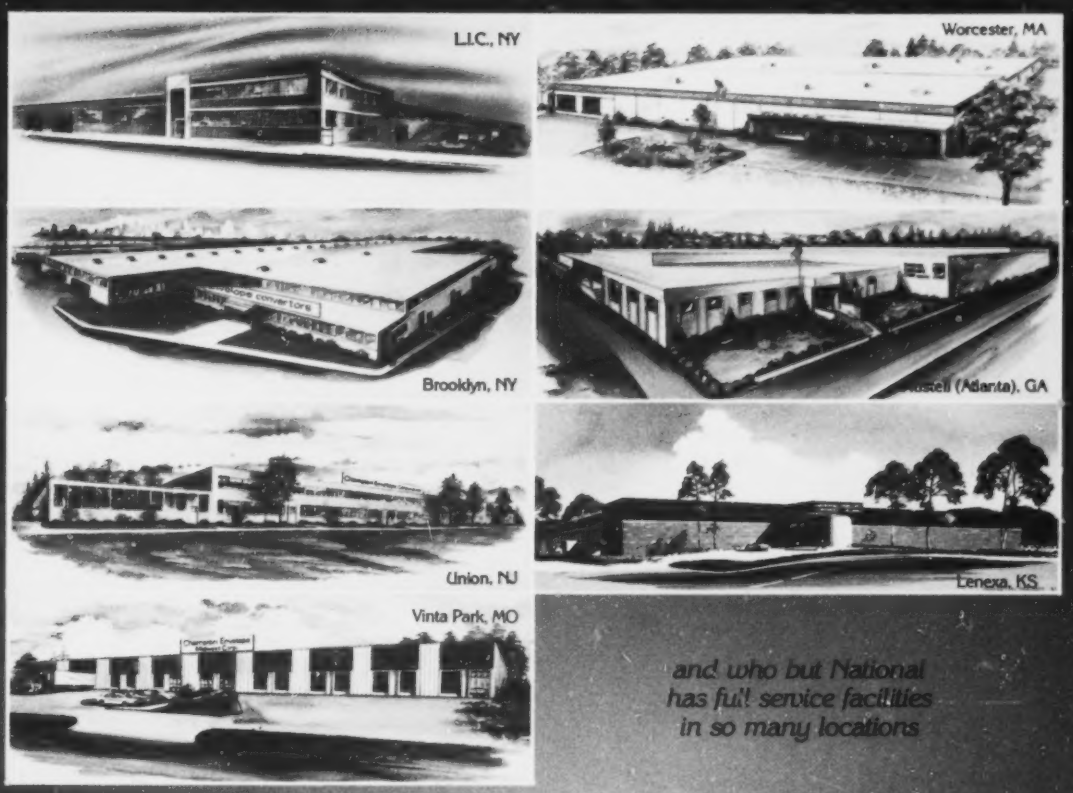

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